

UNITED STATES BANKRUPTCY COURT  
EASTERN DISTRICT OF NEW YORK, BROOKLYN DIVISION

In re Gallant Capital Markets  
Debtor

Case No. 17-41814-ess  
Reporting Period August 1, 2019 - August 31, 2019

Federal Tax I.D. # None

**CORPORATE MONTHLY OPERATING REPORT**

File with the Court and submit a copy to the United States Trustee within 20 days after the end of the month and submit a copy of the report to any official committee appointed in the case.

REQUIRED DOCUMENTS	Form No.	Document Attached	Explanation Attached
Schedule of Cash Receipts and Disbursements	<u>MOR-1</u>	X	
Bank Reconciliation (or copies of debtor's bank reconciliations)	<u>MOR-1 (CONT)</u>	X	
Copies of bank statements		X	
Cash disbursements journals		X	
Statement of Operations	<u>MOR-2</u>		X
Balance Sheet	<u>MOR-3</u>		X
Status of Post-petition Taxes	<u>MOR-4</u>	N/A	
Copies of IRS Form 6123 or payment receipt		N/A	
Copies of tax returns filed during reporting period		N/A	
Summary of Unpaid Post-petition Debts	<u>MOR-4</u>	X	
Listing of Aged Accounts Payable		X	
Accounts Receivable Reconciliation and Aging	<u>MOR-5</u>	X	
Taxes Reconciliation and Aging	<u>MOR-5</u>	X	
Payments to Insiders and Professional	<u>MOR-6</u>	X	
Post Petition Status of Secured Notes, Leases Payable	<u>MOR-6</u>	X	
Debtor Questionnaire	<u>MOR-7</u>	X	

I declare under penalty of perjury (28 U.S.C. Section 1746) that this report and the attached documents are true and correct to the best of my knowledge and belief.

Signature of Chapter 11 Trustee [Signature]

Date 9/9/19

Signature of Authorized Individual\* \_\_\_\_\_

Date \_\_\_\_\_

Printed Name of Authorized Individual \_\_\_\_\_

Date \_\_\_\_\_

\*Authorized individual must be an officer, director or shareholder if debtor is a corporation; a partner if debtor is a partnership; a manager or member if debtor is a limited liability company.

**Avenica, Inc. Debtor**  
**Case No. 17-41813-ESS**

**Gallant Capital Markets, Ltd., Debtor**  
**Case No. 17-41814-ESS**

**Esther DuVal, Chapter 11 Trustee**  
**Notes to Monthly Operating Report**

## **1. General**

On April 14, 2017, Gallant Capital Markets, Ltd. (BVI Company Number 1531907) and Avenica Inc. (each the “Debtor” or collectively, the “Debtors”), filed voluntary petitions for relief under Chapter 11 of title 11 of the United States Code (the “Bankruptcy Code”) in the United States Bankruptcy Court for the Eastern District of New York (the “Bankruptcy Court”).

On May 30, 2017, the Bankruptcy Court entered an Order appointing Esther DuVal as the Chapter 11 Trustee of the Debtor.

On August 29, 2017, the Bankruptcy Court entered an amended order directing a joint administration of the Debtors’ estates.

## **2. Monthly Operating Report Disclosures**

This report contains unaudited information. The Trustee exercised her best efforts to ensure the accuracy of the data based on the information that was available and identifiable at the time of preparation, including, but not limited to, bank account statements, and the statement of financial affairs filed with the Bankruptcy Court that was prepared by the Debtors. Further, all of the Debtor’s books and records may not have been available to the Trustee at the time the monthly operating report was prepared and the information contained in the available books and records may not be complete and may be inaccurate. Accordingly, the reader is cautioned not to place undue reliance upon information contained in this monthly operating report. Subsequent information or the discovery of additional information may result in changes to the monthly operating report. Accordingly, the Trustee reserves all rights to amend, supplement and update as may be necessary or appropriate.

### ***Cash Basis***

These reports are prepared utilizing the cash basis of accounting. As such, MOR-1 and MOR -1 (CONT) were prepared and certain sub-schedules were included with known and available information.

### ***Accounts Payable***

The Trustee has annexed all identifiable post-petition accounts payable at the end of the MOR reporting date. The Trustee’s investigation is ongoing, however, and the Trustee may later discover accounts payable due and owing by the Debtor during this operating period. The Trustee will supplement or update as deemed necessary on a going forward basis.

In re Gallant Capital Markets  
Debtor

Case No. 17-41814-ess  
Reporting Period: August 1, 2019 - August 31, 2019

### SCHEDULE OF CASH RECEIPTS AND DISBURSEMENTS

Amounts reported should be from the debtor's books and not the bank statement. The beginning cash should be the ending cash from the prior month or, if this is the first report, the amount should be the balance on the date the petition was filed. The amounts reported in the "CURRENT MONTH - ACTUAL" column must equal the sum of the four bank account columns. Attach copies of the bank statements and the cash disbursements journal. The total disbursements listed in the disbursements journal must equal the total disbursements reported on this page. A bank reconciliation must be attached for each account. [See MOR-1 (CON'T)]

	BANK ACCOUNTS			
ACCOUNT NUMBER (LAST 4)	MMA (6366)	CHECKING (6367)	DIP (0498)	CURRENT MONTH ACTUAL (TOTAL OF ALL ACCOUNTS)
<b>CASH BEGINNING OF MONTH</b>	\$ 1,366,797.48	\$ 1,767.67	\$ -	\$ 1,368,565.15
<b>RECEIPTS</b>				
CASH SALES				-
ACCOUNTS RECEIVABLE - PREPETITION				-
ACCOUNTS RECEIVABLE - POSTPETITION				-
RECOVERY OF ESTATE ASSETS	-			-
LOANS AND ADVANCES				-
SALE OF ASSETS				-
OTHER - (INTEREST)	57.87			57.87
TRANSFERS (FROM TRUSTEE ACCTS)		5,500.00		5,500.00
TRANSFERS (FROM DIP ACCTS)				-
TRANSFERS (FROM AVENICA TO GALLANT)				-
<b>TOTAL RECEIPTS</b>	\$ 57.87	\$ 5,500.00	\$ -	\$ 5,557.87
<b>DISBURSEMENTS</b>				
NET PAYROLL				-
PAYROLL TAXES				-
SALES, USE, BENEFIT & OTHER TAXES				-
INVENTORY PURCHASES				-
SECURED/ RENTAL/ LEASES				-
INSURANCE				-
ADMINISTRATIVE		7,160.88		7,160.88
SELLING				-
OTHER (FEES)				-
OWNER DRAW *				-
TRANSFERS (TO TRUSTEE ACCTS)	5,500.00			5,500.00
TRANSFERS (TO DIP ACCTS)				-
TRANSFERS (FROM GALLANT TO AVENICA)		-		-
PROFESSIONAL FEES				-
U.S. TRUSTEE QUARTERLY FEES		-		-
COURT COSTS				-
<b>TOTAL DISBURSEMENTS</b>	\$ 5,500.00	\$ 7,160.88	\$ -	\$ 12,660.88
<b>NET CASH FLOW (RECEIPTS LESS DISBURSEMENTS)</b>	(5,442.13)	(1,660.88)	-	(7,103.01)
<b>CASH - END OF MONTH</b>	\$ 1,361,355.35	\$ 106.79	\$ -	\$ 1,361,462.14

\* COMPENSATION TO SOLE PROPRIETORS FOR SERVICES RENDERED TO BANKRUPTCY ESTATE

CLOSED

### THE FOLLOWING SECTION MUST BE COMPLETED

DISBURSEMENTS FOR CALCULATING U.S. TRUSTEE QUARTERLY FEES: (FROM CURRENT MONTH ACTUAL COLUMN)

<b>TOTAL DISBURSEMENTS</b>	\$ 12,660.88
LESS: TRANSFERS TO TRUSTEE ACCOUNTS	5,500.00
PLUS: ESTATE DISBURSEMENTS MADE BY OUTSIDE SOURCES (i.e. from escrow accounts)	-
<b>TOTAL DISBURSEMENTS FOR CALCULATING U.S. TRUSTEE QUARTERLY FEES</b>	\$ 7,160.88



In re Gallant Capital MarketsDebtorCase No. 17-41814-essReporting Period: August 1, 2019 - August 31, 2019**STATUS OF POST-PETITION TAXES**

The beginning tax liability should be the ending liability from the prior month or, if this is the first report, the amount should be zero.

Attach photocopies of IRS Form 6123 or payment receipt to verify payment or deposit of federal payroll taxes.

Attach photocopies of any tax returns filed during the reporting period.

Federal	Beginning Tax	Amount Withheld and/or Accrued	Amount Paid	Date Paid	Check # or EFT	Ending Tax
Withholding						
FICA-Employee						
FICA-Employer						
Unemployment						
Income	N/A					
Other:						
Total Federal Taxes						
<b>State and Local</b>						
Withholding						
Sales						
Excise						
Unemployment						
Real Property						
Personal Property						
Other:						
Total State and Local						
<b>Total Taxes</b>						

**SUMMARY OF UNPAID POST-PETITION DEBTS**

Attach aged listing of accounts payable.

	Number of Days Past Due					Total
	Current	0-30*	31-60	61-90	Over 91	
Accounts Payable	\$ 770.31	\$ -	\$ -	\$ -	\$ 189,725.57	\$ 190,495.88
Wages Payable						
Taxes Payable						
Rent/Leases-Building						
Rent/Leases-Equipment						
Secured Debt/Adequate Protection Payments						
Professional Fees						
Amounts Due to Insiders						
Other:						
Other:						
<b>Total Post-petition Debts</b>	\$ 770.31	\$ -	\$ -	\$ -	\$ 189,725.57	\$ 190,495.88

Explain how and when the Debtor intends to pay any past due post-petition debts.

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### ACCOUNTS RECEIVABLE RECONCILIATION AND AGING

Accounts Receivable Reconciliation	Amount
Total Accounts Receivable at the beginning of the reporting period	\$ 35,422.72
Plus: Amounts billed during the period	-
Less: Amounts collected during the period	-
Total Accounts Receivable at the end of the reporting period	\$ 35,422.72

Accounts Receivable Aging	0-30 Days	31-60 Days	61-90 Days	91+ Days	Total
0 - 30 days old					
31 - 60 days old					
61 - 90 days old					
91+ days old					35,422.72
Total Accounts Receivable					35,422.72
Less: Bad Debts (Amount considered uncollectible)					35,422.72
Net Accounts Receivable					\$ -

### TAXES RECONCILIATION AND AGING

Taxes Payable	0-30 Days	31-60 Days	61-90 Days	91+ Days	Total
0 - 30 days old					
31 - 60 days old					
61 - 90 days old					
91+ days old					
Total Taxes Payable					
Total Accounts Payable	\$ 770.31	\$ -	\$ -	\$ 189,725.57	\$ 190,495.88

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### PAYMENTS TO INSIDERS AND PROFESSIONALS

Of the total disbursements shown on the Cash Receipts and Disbursements Report (MOR-1) list the amount paid to insiders (as defined in Section 101(31) (A)-(F) of the U.S. Bankruptcy Code) and to professionals. For payments to insiders, identify the type of compensation paid (e.g. Salary, Bonus, Commissions, Insurance, Housing Allowance, Travel, Car Allowance, Etc.). Attach additional sheets if necessary.

INSIDERS			
NAME	TYPE OF PAYMENT	AMOUNT PAID	DATE
NONE			
TOTAL PAYMENTS TO INSIDERS			

PROFESSIONALS					
NAME	DATE OF COURT ORDER AUTHORIZING PAYMENT	AMOUNT APPROVED	AMOUNT PAID	TOTAL PAID TO DATE	TOTAL INCURRED & UNPAID*
NONE					
TOTAL PAYMENTS TO PROFESSIONALS		\$ -	\$ -	\$ -	\$ -

\* INCLUDE ALL FEES INCURRED, BOTH APPROVED AND UNAPPROVED

### POST-PETITION STATUS OF SECURED NOTES, LEASES PAYABLE AND ADEQUATE PROTECTION PAYMENTS

NAME OF CREDITOR	SCHEDULED MONTHLY PAYMENT DUE	AMOUNT PAID DURING MONTH	TOTAL UNPAID POST-PETITION
N/A			
TOTAL PAYMENTS			

In re Gallant Capital Markets

Debtor

Case No. 17-41814-ess

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## DEBTOR QUESTIONNAIRE

Must be completed each month. If the answer to any of the questions is "Yes", provide a detailed explanation of each item. Attach additional sheets if necessary.		Yes	No
1	Have any assets been sold or transferred outside the normal course of business this reporting period?		✓
2	Have any funds been disbursed from any account other than a debtor in possession account this reporting period?		✓
3	Is the Debtor delinquent in the timely filing of any post-petition tax returns?		✓
4	Are workers compensation, general liability or other necessary insurance coverages expired or cancelled, or has the debtor received notice of expiration or cancellation of such policies?		✓
5	Is the Debtor delinquent in paying any insurance premium payment?		✓
6	Have any payments been made on pre-petition liabilities this reporting period?		✓
7	Are any post petition receivables (accounts, notes or loans) due from related parties?		✓
8	Are any post petition payroll taxes past due?		✓
9	Are any post petition State or Federal income taxes past due?		✓
10	Are any post petition real estate taxes past due?		✓
11	Are any other post petition taxes past due?		✓
12	Have any pre-petition taxes been paid during this reporting period?		✓
13	Are any amounts owed to post petition creditors delinquent?	✓	*
14	Are any wage payments past due?		✓
15	Have any post petition loans been received by the Debtor from any party?		✓
16	Is the Debtor delinquent in paying any U.S. Trustee fees?		✓
17	Is the Debtor delinquent with any court ordered payments to attorneys or other professionals?		✓
18	Have the owners or shareholders received any compensation outside of the normal course of business?		✓

\* See Notes to Monthly Operating Report

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## CASH DISBURSEMENTS

Date	Account	Check #	Payee	Amount
8/8/2019	XXXXXX6366	Transfer	From MMA to Checking	\$ 5,500.00
Total ACCT # 6366 - August 2019				<u>\$ 5,500.00</u>
8/6/2019	XXXXXX6367	158	Arthur B. Levine Company	\$ 4,599.00
8/6/2019	XXXXXX6367	159	DataInStream	770.31
8/6/2019	XXXXXX6367	Wire	SoftLayer Technologies	1,791.57
Total ACCT # 6367 - August 2019				<u>\$ 7,160.88</u>
Total				12,660.88
Less Account Transfer				(5,500.00)
Grand Total				<u><u>\$ 7,160.88</u></u>

**Rabobank, N.A.**

PO Box 6010  
 Santa Maria, CA 93456-6010  
[www.RabobankAmerica.com](http://www.RabobankAmerica.com)

**Rabobank**

Return Service Requested



Rabobank, N.A.  
 Member FDIC  
 NMLS #649477

Period Covered:  
 August 01, 2019 - August 31, 2019  
 Page 1 of 4

Esther DuVal  
 1065 Avenue of the Americas  
 10th Floor  
 New York NY 10018

Case Number 17-41814-ESS  
 Case Name GALLANT CAPITAL MARKETS, LTD.  
 Trustee Number [REDACTED]  
 Trustee Name Esther DuVal

**Questions**

(800) 634-7734  
[banking.services@stretto.com](mailto:banking.services@stretto.com)  
[www.stretto.com](http://www.stretto.com)

**CONSOLIDATED BALANCE SUMMARY**

Account	Number	Ending Balance Prior Period	Ending Balance This Period
Checking Account			
TRUSTEE CHECKING	[REDACTED] 6367	\$1,767.67	\$106.79
Money Market			
MONEY MARKET	[REDACTED] 6366	\$1,366,797.48	\$1,361,355.35
<b>Total</b>		<b>\$1,368,565.15</b>	<b>\$1,361,462.14</b>

**Notable Information For You...**

*Rabobank, N.A., has announced a merger with Mechanics Bank, which is expected to have an effective date of September 1, 2019. Shortly after this date, Stretto Trustees will begin to see the Rabobank logo replaced with the Mechanics Bank logo on bank statements, as well as other official bank documents.*

IN CASE OF ERRORS OR QUESTIONS

REGARDING YOUR STATEMENTS

Telephone us at (800) 465-2415

**Rabobank****Rabobank, N.A.**

PO Box 6010  
 Santa Maria, CA 93456-6010  
[www.RabobankAmerica.com](http://www.RabobankAmerica.com)

Return Service Requested

Period Covered:  
 August 01, 2019 - August 31, 2019  
 Page 2 of 4

Esther DuVal  
 1065 Avenue of the Americas  
 10th Floor  
 New York NY 10018

Case Number 17-41814-ESS  
 Case Name GALLANT CAPITAL MARKETS. LTD.  
 Trustee Number [REDACTED]  
 Trustee Name Esther DuVal

**Questions**  
 (800) 634-7734  
[banking.services@stretto.com](mailto:banking.services@stretto.com)  
[www.stretto.com](http://www.stretto.com)

**TRUSTEE CHECKING**

Account Number: [REDACTED] 6367

Enclosures	2	<b>Beginning Balance</b>	<b>\$1,767.67</b>
Avg Collected Balance	\$2,073.00	+ Total Additions	\$5,500.00
		- Total Subtractions	\$7,160.88
		<b>Ending Balance</b>	<b>\$106.79</b>

**Checks**

\* Indicates a Skip in Check Number(s)  
 "E" Indicates an Electronic Check

Check #	Date	Amount	Check #	Date	Amount
158	08-16	4,599.00	159	08-15	770.31

**Debits**

Date	Description	Subtractions
08-12	WIRE TRANSFER-OUT SOFTLAYER TECHNOLO 20190812L2B77Y1C00 0049	1,791.57

**Credits**

Date	Description	Additions
08-08	INTERNET/PHONE TRSFR TRANSFER FROM DEPOSIT SYSTEM ACCOUNT *****6366	5,500.00

**Daily Balances**

Date	Amount	Date	Amount	Date	Amount
07-31	1,767.67	08-12	5,476.10	08-16	106.79
08-08	7,267.67	08-15	4,705.79		

**Rabobank, N.A.**

PO Box 6010  
 Santa Maria, CA 93456-6010  
 www.RabobankAmerica.com

Return Service Requested

Account Number [REDACTED] 6367

Period Covered:

August 01, 2019 - August 31, 2019

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THIS CHECK IS VOID WITHOUT A BLUE AND GREEN BACKGROUND AND A TRUE WATERMARK, VIEWED AT AN ANGLE TO VIEW

**Rabobank, N.A.**  
 Santa Maria, CA  
 Phone: 800-465-2115 for Rabobank Specialty Deposits

158  
 90-3715 / 1222

VOID AFTER 90 DAYS

Callant Capital Markets, Ltd.  
 E DuVal as Chapter 11 Trustee C/O CMZ  
 1065 Ave of the Americas - 10th FL  
 New York NY 10018

Pay to the Order of  
 Callant Capital Markets, Ltd. (37-41814-4533)  
 Bond #104611147944 (Premium Period 5/30/2019 - 5/30/2020) \$60,000 Bond

Date 08/16/2019

\$ \*\*\*\*\*4,599.00

Four thousand five hundred ninety-nine dollars and 92/100

Pay to the Order of  
 Arthur B. Levine Company  
 170 Lexington Avenue, Suite 1101  
 New York NY 10017

*Arthur B. Levine*  
 Arthur DuVal - Chapter 11 Trustee

⑈00000158⑈ ⑆122237159⑆ [REDACTED] 5367⑈

08/16/19

#158

\$4,599.00

08/16/19

#158

\$4,599.00

THIS CHECK IS VOID WITHOUT A BLUE AND GREEN BACKGROUND AND A TRUE WATERMARK, VIEWED AT AN ANGLE TO VIEW

**Rabobank, N.A.**  
 Santa Maria, CA  
 Phone: 800-465-2115 for Rabobank Specialty Deposits

159  
 90-3715 / 1222

VOID AFTER 90 DAYS

Callant Capital Markets, Ltd.  
 E DuVal as Chapter 11 Trustee C/O CMZ  
 1065 Ave of the Americas - 10th FL  
 New York NY 10018

Pay to the Order of  
 Callant Capital Markets, Ltd. (37-41814-4533)  
 Bond # 1254 (August 2019)

Date 08/15/2019

\$ \*\*\*\*\*770.31

Seven hundred seventy dollars and 31/100

Pay to the Order of  
 DoubleStream LLC  
 PO BOX 250  
 BROOKFIELD CT 06804

*Arthur B. Levine*  
 Arthur DuVal - Chapter 11 Trustee

⑈00000159⑈ ⑆122237159⑆ [REDACTED] 5367⑈

08/15/19

#159

\$770.31

08/15/19

#159

\$770.31

**Rabobank, N.A.**

PO Box 6010  
 Santa Maria, CA 93456-6010  
[www.RabobankAmerica.com](http://www.RabobankAmerica.com)

*Return Service Requested*

Period Covered:  
 August 01, 2019 - August 31, 2019  
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Esther DuVal  
 1065 Avenue of the Americas  
 10th Floor  
 New York NY 10018

Case Number 17-41814-ESS  
 Case Name GALLANT CAPITAL MARKETS. LTD.  
 Trustee Number [REDACTED]  
 Trustee Name Esther DuVal

**Questions**  
 (800) 634-7734  
[banking.services@stretto.com](mailto:banking.services@stretto.com)  
[www.stretto.com](http://www.stretto.com)

**MONEY MARKET**

Account Number: [REDACTED] 6366

Enclosures	0	<b>Beginning Balance</b>	<b>\$1,366,797.48</b>
Avg Collected Balance	\$1,362,539.00	+ Total Additions	\$57.87
Interest Paid Year to Date	\$280.69	- Total Subtractions	\$5,500.00
		<b>Ending Balance</b>	<b>\$1,361,355.35</b>

**Debits**

Date	Description	Subtractions
08-08	TRANSFER DEBIT TRANSFER TO DEPOSIT SYSTEM ACCOUNT *****6367	5,500.00

**Credits**

Date	Description	Additions
08-31	INTEREST CREDIT	57.87

**Daily Balances**

Date	Amount	Date	Amount	Date	Amount
07-31	1,366,797.48	08-08	1,361,297.48	08-31	1,361,355.35

**Interest Information**

Annual percentage yield earned	0.05%
Interest bearing days	31
Average balance for APY	\$1,362,539.42
Interest earned	\$57.87